REMARKS/ARGUMENTS

Favorable reconsideration of this application is respectfully requested.

Initially, applicants note that with the outstanding Office Action a Form PTO-1449 based on an Information Disclosure Stated filed July 8, 2005, was returned to applicants. However, the returned Form PTO-1449 apparently inadvertently did not initial references listed as AO and AW. For convenience a copy of that provided Form PTO-1449 is provided herewith. Applicants respectfully request a new Form PTO-1449 be provided that properly indicates consideration of all of the references cited in the Information Disclosure Statement filed July 8, 2005.

Applicants also draw attention to the fact that an Information Disclosure Statement was filed on May 14, 2004, which at this time has not been acknowledged as considered. For convenience a copy of that previously filed Information Disclosure Statement and its date-stamped filing receipt are provided. Applicants also request that the Form PTO-1449 be returned indicating consideration of the references filed in that Information Disclosure Statement.

Claims 2-19 are pending in this application. Claims 2, 3, 5-13, and 17-19 were rejected under 35 U.S.C. § 103(a) as unpatentable over U.S. patent publication No. 2001/0041053 to Abecassis, U.S. patent 6,219,788 B1 to Flavin et al. (herein "Flavin"), U.S. patent 5,740,549 to Reilly et al. (herein "Reilly"), and U.S. patent 5,629,980 to Stefik et al. (herein "Stefik"). Claim 4 was rejected under 35 U.S.C. § 103(a) as unpatentable over Abecassis, Flavin, Reilly, and Stefik as applied to claim 2, and further in view of U.S. patent 6,671,879 to Schlarb et al. (herein "Schlarb"). Claims 14-16 were rejected under 35 U.S.C. § 103(a) as unpatentable over Abecassis, Flavin, Reilly, and Stefik as applied to claim 2, and further in view of U.S. patent 5,446,919 to Wilkins.

Addressing the above-noted rejections, each of those rejections is traversed by the present response.

Initially, applicants summarize the arguments as to the allowability of the claims over the applied art as the outstanding Office Action does not appear to have properly considered any of the previously submitted arguments.

Independent claim 2 positively recites:

> an administrator server for obtaining the execution key from the holder, obtain the advertising information piece from the advertiser, receiving an execution declaration of the digital content from the user, downloading the advertising information piece and the execution key to the user through the network, ***collecting an advertisement rate from the advertiser*** that corresponds to the number of execution times of a digital constant used by the user and paying an execution fee to the holder that corresponds to the number of execution times of the digital content. [Emphasis added].

The outstanding rejection does not appear to even attempt to address the feature noted above that an administrator server collects an advertisement rate from an advertiser. The outstanding rejection has not indicated where such a feature is taught or suggested in the prior art. In the arguments presented to maintain the rejections, those arguments are all directed to collecting fees from an ***end user*** rather than from an advertiser. Collecting fees from an end user is not what the claimed invention is directed to, and even in view of arguments repeatedly made the outstanding rejection still has not addressed the feature of collecting an advertisement rate from an advertiser. Applicants again request that it be indicated how such a feature is disclosed in the applied art.

Moreover, the "Response to Arguments" section beginning in the outstanding Office Action also does not clearly address that feature. That section specifically states:

> 1. Applicant's arguments filed Sept. 21, 2005 have been fully considered but they are not persuasive. Stefik does indicate payment to the content holder via a computer system that clearly uses a server. Since the payment can be made via a server, regardless of the term used for the server whether it be

payment server or administrator server, it ***is obvious that an advertising fee collection and payment just like the content fee collection and payment is within the invention's scope.*** This is discussed as per the quoted paragraph below from Stefik, col. 2, line 65 to col. 3, line 50:

While flexibility in distribution is a concern, the owners of a work want to make sure they are paid for such distributions. In U.S. Pat. No. 4,977,594 to Shear, entitled "Database Usage Metering and Protection System and Method," a system for metering and billing for usage of information distributed on a CD-ROM is described. The system requires the addition of a billing module to the computer system. The billing module may operate in a number of different ways. First, it may periodically communicate billing data to a central billing facility, whereupon ***the user*** may be billed. Second, billing may occur by disconnecting the billing module and the user sending it to a central billing facility where the data is read and a ***user*** bill generated.

(14) U.S. Pat. No. 5,247,575, Sprague et al., entitled "Information Distribution System", describes an information distribution system which provides and charges only for user selected information. A plurality of encrypted information packages (IPs) are provided at the user site, via high and/or low density storage media and/or by broadcast transmission. Some of the IPs may be of no interest to the user. The IPs of interest are selected by the user and are decrypted and stored locally. The IPs may be printed, displayed or even copied to other storage medias. The charges for the selected IPs are accumulated within a ***user apparatus*** and periodically reported by telephone to a central accounting facility. The central accounting facility also issues keys to decrypt the IPs. The keys are changed periodically. If the central accounting facility has not issued a new key for a particular user station, the station is unable to retrieve information from the system when the key is changed.

(15) A system available from Wave Systems Corp. of Princeton, N.Y., provides for metering of software usage on a personal computer. The system is installed onto a computer and collects information on what software is in use, encrypts it and then transmits the information to a transaction center. From the transaction center, a bill is generated and sent to ***the user***. The transaction center also maintains customer accounts so that licensing fees may be forwarded directly to the software providers. Software operating under this system must be modified so that usage can be accounted.

(16) Known techniques for billing do not provide for billing of copies made of the work. For example, if data is copied from

> the CD-ROM described in Shear, any subsequent use of the copy of the information cannot be metered or billed. In other words, the means for billing runs with the media rather than the underlying work. It would be desirable to have a distribution system where the means for billing is always transported with the work.[1]

In each instance of the art cited above it is ***an end user*** of a digital content that is billed for utilizing digital content. At no portion does any cited reference disclose collecting an advertisement rate from an advertiser based on digital content used by a user.

One statement noted above in maintaining the rejection is, "it is obvious that an advertising fee collection and payment just like the content fee collection and payment is within the invention's scope".

That statement from the outstanding Office Action is not at all understood as it first is not clear what "invention's scope" the Office Action is referencing. The claimed invention is directed to collecting an advertisement rate from an advertiser so that an end user is not billed for digital content distributed to the end user. None of the cited art disclose or suggest any such feature. The outstanding rejection appears to cite different teachings in Stefik to meet such claim limitations, but as noted above ***each*** of those cited disclosures in Stefik is directed to the end ***user*** being billed, which is exactly what the claimed invention avoids.

Applicants again respectfully request it be pointed out on the record which prior art reference is cited to disclose the feature of collecting an advertisement rate from an advertiser for digital content distributed to a user. At no point does the rejection point to any prior art reference that meets the above-noted claim feature.

Addressing the outstanding rejection in even further detail, the outstanding rejection states:

> Abecassis, Flavin et al. and Reilly et al. disclose(s) the claimed invention except download the advertising information piece, collect an advertisement rate from the advertiser and pay an

[1] Office Action of November 17, 2005, pages 2 and 3, emphasis added.

> execution fee to the holder that, corresponds to the number of execution times of the digital content. However, in col. 8, line 55 – col. 9, line 10, col. 15, lines 5-20, col. 17, lines 1-50, Stefik et al. disclose various fees for access and a fee for transactions which is an execution fee since a transaction is executed on the server. It would be obvious to one of ordinary skill in the art to modify the invention of Abecassis, Flavin et al. and Reilly et al. based on the teachings of Stefik et al. The motivation to combine these references is to ensure accurate pay-per-use pricing transactions.[2]

Applicants respectfully submit the above-noted basis for the rejection citing the teachings in Stefik is improper as Stefik does not disclose any features that would overcome the recognized deficiencies in Abecassis, Flavin, and Reilly. Specifically, Stefik does not address a feature of an administrator server collecting an advertising rate ***from an advertiser*** and paying an execution fee to a holder of digital content, in contrast to the position in the Office Action.

Independent claims 2, 17, and 19 recite a digital content billing system using a network, including: a holder; a distributor; an advertiser; and an administrator server. The digital content billing system recited in amended claim 2 includes an administrator server "for collecting an advertisement rate from the advertiser that corresponds to the number of execution times of the digital content used by the user and paying an execution fee to the holder that corresponds to the number of execution times of the digital content." In operation, as illustrated in non-limiting illustrations in Figures 6-9, the administrator server bills the advertiser for advertisements seen by the user ST32, collects payments of an advertisement rate corresponding to the advertisements seen by the user ST33, and pays an execution fee to the holder for the digital content downloaded to the user ST34.

The digital content billing system as recited in amended claim 2 allows the ***user to execute desired digital content without payment***. Therefore, since the users are not paying for the digital content, the holder's distribution of digital content increases. The holder

[2] Office Action of November 17, 2005, the paragraph at the top of page 6.

receives payment for the digital content from the administrator server that simply collects an advertising rate from an advertiser instead of collecting an execution fee from each user, which is difficult, time consuming, and resource consuming. Therefore, the digital content billing system as recited in amended claim 2 simplifies the billing for digital content, increases reliability in the collection of fees, and increases the distribution of digital content. With this in mind, a more detailed comparison of the claimed invention in view of the cited references is provided.

The cited teachings in Stefik are completely unrelated to an administrative server collecting an ***advertisement rate from an advertiser*** and paying an execution fee to a holder of digital content. The outstanding rejection has not properly considered the teachings in Stefik.

Stefik is directed to a system for controlling use and distribution of digital works. In Stefik the owner of a digital work can attach usage rights to the work, which are granted to a buyer. Stefik specifically discloses the use of credit servers at column 17, lines 1-50, one portion in Stefik cited in the Office Action to correspond to the claimed features. However, such credit servers in Stefik are completely unrelated to the claimed features.

Stefik specifically discloses the use of a credit server for recording and reporting the fees paid by a user for a digital work. Stefik gives one example of a simplest model in which there is a single fee at the time of purchase, after which a purchaser obtains unlimited rights to use the work as often and for as long as he or she wants.[3]

Thus, in Stefik the credit server merely is a way to provide payments by a user to the holder of the digital works. Such credit servers in Stefik never mention nor even elude to collecting an ***advertisement rate from an advertiser***. It is unclear on what basis the outstanding rejection even cites Stefik as it does not appear any more relevant than any of the

[3] See specifically Stefik at column 17, lines 8-12.

further cited art with respect to the claimed features. The broad teachings in Stefik of monitoring fees for access to a digital work has no relevance whatsoever to collecting an advertisement rate from an advertiser.

Also, as noted above, one benefit in the claimed invention is that a user can execute a digital content without payment. That is directly contrary to the entire objective of the device of Stefik. Stefik is clearly directed to allowing a user to purchase a digital work, and clearly in Stefik the user pays for that digital work. The entire objective of the device of Stefik is contrary to benefits realized by the claimed invention.

In such ways, Stefik does not teach the features relied upon in the Office Action as Stefik is complete silent as to collecting any type of advertisement rate from an advertiser.

Moreover, each of the teachings in Abecassis, Flavin, and Reilly also suffer from similar deficiencies, as now discussed further below.

Abecassis is directed to a content on demand advertisement system, wherein the viewer is compensated for verified apparent viewing of a selected advertisement.[4] Abecassis simply states that a content on demand architecture can be used for advertisements in addition to movies, news, sports, and educational videos, and discloses a method for compensating ***viewers*** for the verified apparent viewing of the advertisement.[5] More specifically, a random access pointcast architecture provides the means for a viewer to select and retrieve a desired advertisement, and provides the means to ***compensate the viewer*** for the verified apparent viewing of the advertisement, thereby creating a transactional one to one relationship between the producer of the advertisement and viewer of the advertisement.[6] Further, the compensation received by the viewer may be in the form of coupons, rebates, or credits toward additional services provided by the on demand advertisement system.[7]

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[4] Abecassis, Abstract.
[5] Abecassis, page 25, paragraph 0383-0385.
[6] Abecassis, page 25, paragraph 0385; page 27, paragraph 0416.
[7] Abecassis, page 27, paragraphs 0416-0420.

However, Abecassis does not disclose or suggest a digital content billing system including an administrator server "for collecting an advertisement rate from the advertiser that corresponds to the number of execution times of the digital content used by the user and paying an execution fee to the holder that corresponds to the number of execution times of the digital content." Further, in the digital content billing system of amended claim 2, the user does not receive compensation from the holder, nor does the user pay the holder for the digital material. Therefore, Abecassis does not teach or suggest the digital content billing system recited in amended claim 2, which simplifies the billing of digital content, increases the reliability in the collection of fees, and increases the distribution of digital content.

Flavin is directed to a watchdog system that monitors and prevents tampering of electronic content and statistics relating to the distribution of the electronic content so that both the producers and distributors are provided with relevant and trustworthy information concerning the electronic content and its distribution.[8] The computer watchdog system of Flavin acts to ensure the just execution of agreements between the producer of the electronic content and the distributor of the electronic content.

Flavin is not directed to a digital content billing system, and thus also does not teach or suggest a digital content billing system with an administrator server "for collecting an advertisement rate from the advertiser that corresponds to the number of execution times of the digital content used by the user and paying an execution fee to the holder that corresponds to the number of execution times of the digital content," as recited in amended claim 2. Therefore, Flavin does not cure the deficiencies as discussed above with respect to Abecassis and Stefik.

Reilly is directed to an information and advertising distribution system, wherein an information administrator in each workstation establishes communication with an

[8] Flavin, column 4, lines 16-60.

information server periodically to update information items and advertisements stored in a local memory.[9] An information display controller in each work station displays at least a subset of the information items and advertisements stored in the local memory when the workstation meets pre-defined idleness criteria.[10]

However, Reilly is not directed to a digital content billing system, and also does not teach or suggest a digital content billing system with an administrator "for collecting an advertisement rate from the advertiser that corresponds to the number of execution times of the digital content used by the user and paying an execution fee to the holder that corresponds to the number of execution times of the digital content," as recited in amended claim 2. Therefore, Reilly also does not cure the deficiencies as discussed above with respect to Abecassis, Flavin, and Stefik.

Therefore, Abecassis, Flavin, Reilly, and Stefik, either alone or in any proper combination, do not teach or suggest the above discussed features of amended claim 2. Further, the cited references of Schlarb and Wilkins have been considered, but Schlarb and Wilkins also fail to cure the deficiencies of Abecassis, Flavin, Reilly, and Stefik with regard to amended claim 2.

Accordingly, it is respectfully requested that the rejection to claim 2 under 35 U.S.C. §103(a) be withdrawn.

Independent claims 17 and 19 share substantially the same limitations as discussed above with respect to amended claim 2, and therefore are allowable for at least the same reasons as amended claim 2. Likewise claims 3-16 and 18 that depend from claims 2 and 17 are likewise allowable.

Applicants have presented detailed comments as to why the basis for the outstanding rejection is improper and as to how the claims clearly distinguish over the applied art. Applicants respectfully request that it be clearly stated on the record which prior art is being cited to disclose collecting an advertisement rate from an advertiser. Again applicants note the claimed invention is directed to allowing a user to download digital content, but to have

[9] Reilly, column 2, line 61 to column 3, line 24.
[10] Reilly, column 2, line 61 to column 3, line 24.

an advertiser pay for that download, so that the user is not charged for that download. At no point does any cited prior art reference teach or suggest such features, and the outstanding rejection has not pointed to any disclosure in any reference to meet such claimed limitation.

In view of these foregoing comments, applicants respectfully submit the claims as currently written clearly distinguish over the applied art.

As no other issues are pending in this application, it is respectfully submitted that the present application is now in condition for allowance, and it is hereby respectfully requested that this case be passed to issue.

Respectfully submitted,

OBLON, SPIVAK, McCLELLAND,
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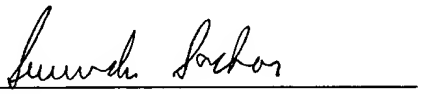

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